# CGGVeritas Announces First Quarter 2010 Results

## Group Operating Margin at 5%

## Market Progressively Strengthening on Increasing Demand

## First Signs of Recovery in Sercel

**PARIS, France – May 5th 2010** – CGGVeritas (ISIN: 0000120164 – NYSE: CGV) announced today its non-audited first quarter 2010 consolidated results. All comparisons are made on a year-on-year basis unless stated otherwise. All 2009 results are reported before restructuring and impairment.

## Services results reflect lower priced backlog, Sercel results strengthening

- Group revenue was $696m, down 18% year-on-year and 7% sequentially as a seasonal decline in multi-client sales masked robust Sercel sales and the noticeable increase in revenue from other Services segments this quarter
- Group operating margin was 5%, with sequentially stronger Sercel performance, above 22% operating margin, and increased margins across all Services activities offset by the lower contribution from multi-client sales
- Net income was $1m
- Net debt to equity ratio maintained at 35%
- Backlog as of April 1st was relatively stable at $1.5 billion, strengthening at Sercel

## First Quarter 2010 key figures

| In million $ | Fourth Quarter 2009 | First Quarter 2010 | First Quarter 2009 |
|---|---|---|---|
| **Group Revenue** | **748** | **696** | **851** |
| Sercel | 215 | 222 | 201 |
| Service | 562 | 511 | 689 |
| **Group Operating Income** | **55** | **37** | **131** |
| *Margin* | *7%* | *5%* | *15%* |
| Sercel | 39 | 50 | 54 |
| *Margin* | *18%* | *22%* | *27%* |
| Services* | 22 | 14 | 106 |
| *Margin* | *4%* | *3%* | *15%* |
| **Net Income** | **5** | **1** | **71** |
| *Margin* | *1%* | *0%* | *8%* |
| **Net Debt** | **1,324** | **1,343** | **1,517** |
| *Net Debt to Equity ratio* | *35%* | *35%* | *36%* |

### CGGVeritas Chairman & CEO, Robert Brunck commented:

*"As anticipated, our results in general reflected the weakened commercial conditions that prevailed in the second half of 2009. Sequentially, Services performance was relatively stable as lower multi-client sales were compensated by improved fleet utilization, strong activity in land and a sustained high-level of interest for our advanced processing and imaging technologies. Sercel financial performance increased sequentially, benefiting from the early impact of increasing demand in both volume and technology intensity leading to operational margins strengthening from 18% to 22%.*

*Looking forward, we anticipate the typical second quarter seasonality with increased vessel transits and demobilization of our Arctic crews. There is also growing confirmation that increasing levels of exploration and production spending will drive a progressive recovery of the seismic market in 2010. We expect improving market conditions to continue to first impact Sercel, while in marine, prices will only strengthen when the growth in demand balances new capacity entering the market, which is expected later in the year.*

*In this context, our objectives remain focused on reinforcing our technology portfolio in the high-end market, improving our operational performance, managing our costs and generating healthy free cash flow."*

## First Quarter 2010 Financial Results

### Group Revenue

Group Revenue was down 18% in $ and 23% in € year-on-year, reflecting the lower priced backlog secured in the second half of 2009. Group Revenue was down 7% sequentially in $.

| In millions | Fourth Quarter 2009 ($) | First Quarter 2010 ($) | First Quarter 2009 ($) | First Quarter 2010 (€) | First Quarter 2009 (€) |
|---|---|---|---|---|---|
| **Group Revenue** | **748** | **696** | **851** | **498** | **648** |
| Sercel Revenue | 215 | 222 | 201 | 159 | 154 |
| Services Revenue | 562 | 511 | 689 | 366 | 525 |
| *Eliminations* | -29 | *-37* | -39 | *-26* | -30 |
| Marine contract | 173 | 203 | 373 | 145 | 284 |
| Land contract | 81 | 114 | 132 | 82 | 101 |
| Processing | 104 | 94 | 101 | 67 | 77 |
| Multi-client | 203 | 100 | 82 | 72 | 63 |
| MC marine | 164 | 74 | 70 | 53 | 53 |
| MC land | 39 | 26 | 12 | 19 | 9 |

### *Sercel*
Year-on-year, revenue was up 10% in $ and 3% in €. Sequentially, revenue was up 3% in $ and operating margin increased 4 points to 22% as a result of increasing demand and take up of new and higher-end technology. As in land, recent marine system configurations are increasing in technology intensity with higher streamer counts and longer streamers per vessel.

Internal sales represented 17% of revenue.

### *Services*
Year-on-year, revenue was down 26% in $ and 30% in €. Sequentially revenue was down 9% in $ and operating income was relatively stable as increased margins across all activities were offset by a lower contribution from multi-client.

- Marine contract revenue was down 46% year-on-year in $ and 49% in €. Sequentially, revenue was up 17% in $, with both an improving vessel availability rate[1] of 90% and production rate[2] of 92%. 79% of the 3D fleet operated on contracts. Our high-end fleet refocusing plan is on track with the last of the 9 vessels planned for decommissioning to be removed by July of 2010. We are continuing to upgrade our fleet with the highly successful Nautilus streamer control and acoustic positioning system.

- Land contract revenue was down 14% year-on-year in $ and 19% in €. Sequentially revenue was up 40% in $ supported by the typical seasonal effects. We operated a total of 18 crews this quarter with continued strong demand in the Middle East, growing interest for shallow water and OBC operations, and the full impact of winter activity in N. America.

- Processing & Imaging revenue was down 8% year-on-year in $ and 13% in €. Sequentially revenue was down 10% in $. By contrast, margins strengthened reflecting the success of our unique high-end innovative imaging products. During the quarter we continued deployment of our new *geovation* platform and opened a new technology center in Brazil.

- Multi-client revenue was up 22% year-on-year in $ and 15% in €, mainly driven by after sales. Sequentially, revenue was down 51% in $ from a high level of sales in the fourth quarter of 2009. Capex was $87 million (€62 million). The amortization rate averaged 55%, with 77% in land and 48% in marine. Net Book Value of the library at the end of March was at $709 million.

  *Multi-client marine* revenue was sequentially down 55% in $. Capex was at $72 million (€51 million). Prefunding was $32 million (€23 million), a rate of 44%, as some prefunding was postponed. After-sales worldwide were $42 million (€30 million).

  *Multi-client land* revenue was sequentially down 33% in $. Capex was at $15 million (€11 million). Prefunding was $17 million (€12 million), a rate of 115%, reflecting the strong interest in our Haynesville shale gas program. After-sales were $10 million (€7 million).

[1] - The ***vessel availability rate***, a metric measuring the structural availability of our vessels to meet demand; this metric is related to the entire fleet, and corresponds to the total vessel time reduced by the sum of the standby time, the shipyard time and the steaming time (the "available time"), all divided by total vessel time;

[2] - The ***vessel production rate***, a metric measuring the effective utilization of the vessels once available; this metric is related to the entire fleet, and corresponds to the available time reduced by the operational downtime, all then divided by available time.

**Group EBITDAs** was $176 million (€126 million), a margin of 25%.

| In millions | Fourth Quarter 2009 ($) | First Quarter 2010 ($) | First Quarter 2009 ($) | First Quarter 2010 (€) | First Quarter 2009 (€) |
|---|---|---|---|---|---|
| **Group EBITDAs** | **248** | **176** | **282** | **126** | **215** |
| *margin* | *33%* | *25%* | *33%* | *25%* | *33%* |
| Sercel EBITDAs | 51 | 62 | 64 | 44 | 49 |
| *margin* | *24%* | *28%* | *32%* | *28%* | *32%* |
| Services EBITDAs | 202 | 137 | 243 | 98 | 185 |
| *margin* | *36%* | *27%* | *35%* | *27%* | *35%* |

**Group Operating Income** was $37 million (€26 million), a margin of 5% as the strengthening performance of Sercel and increased sequential performance across all Services segments was impacted by lower priced backlog in marine and lower multi-client contributions.

| In millions | Fourth Quarter 2009 ($) | First Quarter 2010 ($) | First Quarter 2009 ($) | First Quarter 2010 (€) | First Quarter 2009 (€) |
|---|---|---|---|---|---|
| **Group Operating Income** | **55** | **37** | **131** | **26** | **100** |
| *margin* | *7%* | *5%* | *15%* | *5%* | *15%* |
| Sercel Op. Income | 39 | 50 | 54 | 36 | 41 |
| *margin* | *18%* | *22%* | *27%* | *22%* | *27%* |
| Services Op. Income* | 22 | 14 | 106 | 10 | 81 |
| *margin* | *4%* | *3%* | *15%* | *3%* | *15%* |

***Financial Charges***
Financial charges were $34 million (€25 million).

**Net Income** was $0.5 million (€0.4 million), resulting, after the impact of minority interests of $4 million, in a negative EPS of -€0.02 per ordinary share and -$0.02 per ADS.

## Cash Flow

***Cash Flow from Operations***
Cash flow from operations was $151 million (€108 million) up 23% year-on-year.

***Capex***
Global Capex was $142 million (€101 million) this quarter, a reduction of 19% year-on-year.

- Industrial Capex was $55 million (€39 million)
- Multi-client Capex was $87 million (€62 million) down 5% in $ with a 56% prefunding rate

| In million $ | Fourth Quarter 2009 | First Quarter 2010 | First Quarter 2009 |
|---|---|---|---|
| Capex | 116 | 142 | 175 |
| Industrial | 58 | 55 | 84 |
| Multi-client | 58 | 87 | 91 |

***Free Cash Flow***
After interest expenses paid during the quarter, free cash flow was $6 million.

## Balance Sheet

### *Net Debt to Equity Ratio*

The Group's gross debt was reduced $130 million to $1.936 billion (€1.436 billion) at the end of March 2010.

With $593 million (€440 million) in available cash, Group net debt was $1.343 billion (€996 million) and the net debt to equity ratio was stable at 35%.

## First Quarter 2010 Comparisons with First Quarter 2009

| Consolidated Income Statement | Fourth Quarter | First Quarter | | First Quarter | |
|---|---|---|---|---|---|
| In millions | 2009 ($) | 2010 ($) | 2009 ($) | 2010 (€) | 2009 (€) |
| *Exchange rate euro/dollar* | *1.482* | *1.398* | *1.313* | *1.398* | *1.313* |
| **Operating Revenue** | 747.8 | 696.1 | 851.2 | 498.0 | 648.5 |
| *Sercel* | *215.0* | *221.9* | *201.1* | *158.9* | *153.8* |
| *Services* | *561.8* | *511.3* | *688.7* | *365.7* | *524.7* |
| *Elimination* | *-29.1* | *-37.1* | *-38.6* | *-26.6* | *-30.0* |
| **Gross Profit** | **166.8** | **148.0** | **256.3** | **105.9** | **195.3** |
| **Operating Income** | **54.6** | **36.8** | **131.5** | **26.3** | **100.3** |
| *Sercel* | *38.8* | *49.6* | *54.3* | *35.5* | *41.2* |
| *Services** | *22.4* | *14.1* | *106.1* | *10.1* | *80.8* |
| *Corporate and Elimination** | *-6.6* | *-26.9* | *-28.9* | *-19.3* | *-21.7* |
| **Financial Items** | **-42.4** | **-23.9** | **-31.2** | **-17.1** | **-23.7** |
| **Income Tax** | **-6.9** | **-8.9** | **-30.5** | **-6.4** | **-23.2** |
| **Deferred Tax on Currency Translation** | **-4.4** | **-3.8** | **0.4** | **-2.7** | **0.3** |
| **Income from Equity Investments** | **4.3** | **0.3** | **0.5** | **0.2** | **0.4** |
| **Net Income** | **5.2** | **0.5** | **70.7** | **0.4** | **54.0** |
| **Earnings per share (€) / per ADS ($)** | **0.02** | **-0.02** | **0.46** | **-0.02** | **0.35** |
| **EBITDAs** | **248.3** | **175.5** | **282.4** | **125.7** | **215.2** |
| *Sercel* | *50.9* | *61.7* | *64.2* | *44.2* | *48.7* |
| *Services* | *201.9* | *136.8* | *242.9* | *97.9* | *185.1* |
| Industrial Capex | *58.4* | 54.9 | *84.1* | *39.3* | 64.0 |
| Multi-client Capex | *58.0* | 87.0 | *91.2* | *62.2* | 69.5 |

* Starting in 2010, operating income for our Services segment is presented after elimination of amortization expense corresponding to past inter-company capital expenditures between our Equipment segment and Services segment. These eliminations were previously presented in Eliminations and Adjustments. The segment information related to our Services segment for the three months ended March 31, 2009 and for the three month ended December 31, 2009 was restated to reflect this change in our internal financial reporting.

## Other Information

- **Robert BRUNCK, Chairman and CEO**, will comment on the results during the Shareholders meeting at 9:30 AM – at Auditorium Etoile St Honoré – 21-24 rue Balzac – Paris 8th.

- **An English language conference call** is scheduled at 3:00 PM (Paris time) – 2:00 PM (London time) – 8:00 AM (US CT) – 9:00 AM (US ET). To take part in the English language conference, simply dial five to ten minutes prior to the scheduled start time.

  | | |
  |---|---|
  | - US Toll-Free | 1-877-485-3104 |
  | - International call-in | 1-201-689-8579 |
  | - Replay | 1-877-660-6853 & 1-201-612-7415 Event ID: 342 717 |

  You will be asked for the name of the conference: "CGGVeritas Q1 2010 results".

- **The presentation** is posted on the Company website and can be downloaded.

- **Detailed financial results (6K)** are available on our website: **www.cggveritas.com**.

- **The conference call will be broadcast live** on our website **www.cggveritas.com** and a replay will be available for two weeks thereafter.

***About CGGVeritas***

*CGGVeritas (www.cggveritas.com) is a leading international pure-play geophysical company delivering a wide range of technologies, services and equipment through Sercel, to its broad base of customers mainly throughout the global oil and gas industry. CGGVeritas is listed on the Euronext Paris SA (ISIN: 0000120164) and the New York Stock Exchange (in the form of American Depositary Shares, NYSE: CGV).*


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# CGGVeritas

# CONSOLIDATED FINANCIAL STATEMENTS
# March 30, 2010

## COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.

### CONSOLIDATED BALANCE SHEETS

| amounts in millions of | March 31, 2010 (unaudited) | | December 31, 2009 | |
|---|---|---|---|---|
| | **€** | **US$ [(1)]** | **€** | **US$ [(2)]** |
| **ASSETS** | | | | |
| Cash and cash equivalents | 439.7 | 592.7 | 480.3 | 691.9 |
| Trade accounts and notes receivable, net | 550.6 | 772.2 | 564.1 | 812.7 |
| Inventories and work-in-progress, net | 233.1 | 314.2 | 223.8 | 322.4 |
| Income tax assets | 64.5 | 87.0 | 66.3 | 95.5 |
| Other current assets, net | 116.1 | 156.5 | 89.5 | 129.0 |
| Assets held for sale, net | 13.1 | 17.7 | 13.3 | 19.1 |
| **Total current assets** | **1,417.1** | **1,910.3** | **1,437.3** | **2,070.6** |
| Deferred tax assets | 80.4 | 108.4 | 74.3 | 107.0 |
| Investments and other financial assets, net | 39.2 | 52.8 | 35.9 | 51.7 |
| Investments in companies under equity method | 101.1 | 136.3 | 99.0 | 142.7 |
| Property, plant and equipment, net | 715.8 | 964.8 | 677.7 | 976.3 |
| Intangible assets, net | 796.6 | 1,073.7 | 728.9 | 1,050.1 |
| Goodwill | 1,992.8 | 2,686.1 | 1,868.1 | 2,691.2 |
| **Total non-current assets** | **3,725.9** | **5,022.1** | **3,483.9** | **5,019.0** |
| **TOTAL ASSETS** | **5,143.0** | **6,932.4** | **4,921.2** | **7,089.6** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| Bank overdrafts | 3.1 | 4.2 | 2.7 | 3.9 |
| Current portion of financial debt | 70.0 | 94.4 | 113.5 | 163.5 |
| Trade accounts and notes payable | 245.0 | 330.3 | 179.8 | 259.0 |
| Accrued payroll costs | 105.8 | 142.6 | 118.5 | 170.7 |
| Income taxes liability | 38.8 | 52.2 | 42.5 | 61.2 |
| Advance billings to customers | 12.6 | 16.9 | 23.8 | 34.3 |
| Provisions – current portion | 28.2 | 38.0 | 40.2 | 58.0 |
| Other current liabilities | 142.2 | 191.8 | 158.7 | 228.5 |
| **Total current liabilities** | **645.7** | **870.4** | **679.7** | **979.2** |
| Deferred tax liabilities | 115.7 | 156.0 | 120.7 | 173.9 |
| Provisions – non-current portion | 106.5 | 143.5 | 104.6 | 150.7 |
| Financial debt | 1,363.1 | 1,837.3 | 1,282.8 | 1,848.0 |
| Other non-current liabilities | 33.1 | 44.7 | 31.9 | 46.0 |
| **Total non-current liabilities** | **1,618.4** | **2,181.5** | **1,540.0** | **2,218.6** |
| Common stock 214,844,092 shares authorized and 151,295,874 shares with a €0.40 nominal value issued and outstanding at March 31, 2010 and 151,146,594 at December 31, 2009 | 60.5 | 81.6 | 60.5 | 87.1 |
| Additional paid-in capital | 1,966.9 | 2,651.2 | 1,965.9 | 2,832.1 |
| Retained earnings | 874.6 | 1,178.8 | 1,136.0 | 1,636.5 |
| Treasury shares | (8.4) | (11.3) | (13.5) | (19.4) |
| Net income (loss) for the period – Attributable to the Group | (2.5) | (3.4) | (264.3) | (380.7) |
| Income and expense recognized directly in equity | (2.2) | (2.9) | 0.9 | 1.2 |
| Cumulative translation adjustment | (55.4) | (74.7) | (224.2) | (323.0) |
| **Total shareholders' equity attributable to owners of CGGVeritas SA** | **2,833.5** | **3,819.3** | **2,661.3** | **3,833.8** |
| Minority interests | 45.4 | 61.2 | 40.2 | 58.0 |
| **Total shareholders' equity and minority interests** | **2,878.9** | **3,880.5** | **2,701.5** | **3,891.8** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **5,143.0** | **6,932.4** | **4,921.2** | **7,089.6** |

(1) Dollar amounts represent euro amounts converted at the exchange rate of US$1.348 per € on the balance sheet date.
(2) Dollar amounts represent euro amounts converted at the exchange rate of US$1.441 per € on the balance sheet date.

## COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.

## UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

| except per share data, amounts in millions of | Three months ended March 31, 2010 € | 2010 US$ (1) | 2009 € | 2009 US$ (2) |
|---|---|---|---|---|
| **Operating revenues** | **498.0** | **696.1** | **648.5** | **851.2** |
| Other income from ordinary activities | 0.8 | 1.2 | 0.8 | 1.0 |
| **Total income from ordinary activities** | **498.8** | **697.3** | **649.3** | **852.2** |
| Cost of operations | (392.9) | (549.3) | (454.0) | (595.9) |
| **Gross profit** | **105.9** | **148.0** | **195.3** | **256.3** |
| Research and development expenses, net | (13.3) | (18.6) | (16.1) | (21.2) |
| Selling, general and administrative expenses | (66.0) | (92.2) | (66.7) | (87.6) |
| Other revenues (expenses), net | (0.3) | (0.4) | (12.2) | (16.0) |
| **Operating income** | **26.3** | **36.8** | **100.3** | **131.5** |
| Expenses related to financial debt | (25.2) | (35.2) | (27.1) | (35.5) |
| Income provided by cash and cash equivalents | 0.7 | 1.0 | 0.9 | 1.2 |
| **Cost of financial debt, net** | **(24.5)** | **(34.2)** | **(26.2)** | **(34.3)** |
| Other financial income (loss) | 7.4 | 10.3 | 2.4 | 3.1 |
| **Income of consolidated companies before income taxes** | **9.2** | **12.9** | **76.5** | **100.3** |
| Deferred taxes on currency translation | (2.7) | (3.8) | 0.3 | 0.4 |
| Other income taxes | (6.4) | (8.9) | (23.2) | (30.5) |
| **Total income taxes** | **(9.1)** | **(12.7)** | **(22.9)** | **(30.1)** |
| **Net income from consolidated companies** | **0.1** | **0.2** | **53.6** | **70.2** |
| Equity in income of investees | 0.2 | 0.3 | 0.4 | 0.5 |
| **Net income** | **0.4** | **0.5** | **54.0** | **70.7** |
| *Attributable to :* | | | | |
| *Shareholders* | (2.5) | (3.5) | 52.7 | 69.1 |
| *Minority interest* | 2.9 | 4.0 | 1.3 | 1.6 |
| | | | | |
| Weighted average number of shares outstanding | 151,270,379 | 151,270,379 | 150,617,709 | 150,617,709 |
| Dilutive potential shares from stock-options | 445,790 | 445,790 | 281,467 | 281,467 |
| Dilutive potential shares from free shares | 334,214 | 334,214 | 806,500 | 806,500 |
| Adjusted weighted average number of shares and assumed option exercises when dilutive | 152,050,383 | 152,050,383 | 151,705,676 | 151,705,676 |
| **Net earnings per share attributable to shareholders** | | | | |
| Basic | (0.2) | (0.2) | 0.35 | 0.46 |
| Diluted | (0.2) | (0.2) | 0.35 | 0.46 |

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.398 per €.
(2) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.313 per €.

## COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.
### UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| **amounts in millions of** | **€** | **US$ (1)** | **€** | **US$ (2)** |
| **OPERATING** | | | | |
| Net income (loss) | 0.4 | 0.6 | 54.0 | 70.7 |
| Depreciation and amortization | 55.7 | 77.9 | 67.6 | 88.7 |
| Multi-client surveys amortization | 39.9 | 55.8 | 40.4 | 53.0 |
| Variance on provisions | (18.7) | (26.1) | (3.7) | (4.9) |
| Expense & income calculated on stock-option | 3.7 | 5.2 | 6.9 | 9.1 |
| Net gain on disposal of fixed assets | (0.8) | (1.1) | 1.3 | 1.6 |
| Equity in income of affiliates | (0.2) | (0.3) | (0.4) | (0.5) |
| Dividends received from affiliates | 2.2 | 3.1 | - | - |
| Other non-cash items | (3.1) | (4.3) | 3.9 | 5.4 |
| **Net cash including net cost of financial debt and income taxes** | **79.1** | **110.6** | **170.0** | **223.1** |
| Less net cost of financial debt | 24.5 | 34.2 | 26.2 | 34.3 |
| Less income taxes expenses | 9.1 | 12.7 | 22.9 | 30.1 |
| **Net cash excluding net cost of financial debt and income taxes** | **112.7** | **157.5** | **219.1** | **287.5** |
| Income taxes paid | (21.1) | (29.5) | (36.0) | (47.4) |
| **Net cash before changes in working capital** | **91.6** | **128.0** | **183.1** | **240.1** |
| - change in trade accounts and notes receivables | 15.0 | 21.0 | (6.6) | (8.7) |
| - change in inventories and work-in-progress | (1.9) | (2.7) | 13.3 | 17.4 |
| - change in other currents assets | (15.6) | (21.8) | (13.9) | (18.2) |
| - change in trade accounts and notes payable | 36.2 | 50.6 | (41.9) | (55.1) |
| - change in other current liabilities | (20.7) | (28.9) | (29.9) | (39.2) |
| Impact of changes in exchange rate | 3.4 | 4.8 | (10.7) | (14.0) |
| **Net cash provided by operating activities** | **108.0** | **151.0** | **93.4** | **122.3** |
| **INVESTING** | | | | |
| Total purchases of tangible and intangible assets (including variation of fixed assets suppliers) | (37.7) | (52.7) | (40.6) | (53.3) |
| Increase in multi-client surveys | (62.2) | (86.9) | (69.5) | (91.2) |
| Proceeds from disposals of tangible and intangible | 3.0 | 4.2 | 0.3 | 0.4 |
| Total net proceeds from financial assets | - | - | - | - |
| Total net acquisition of investments | - | - | (59.5) | (78.1) |
| Impact of changes in consolidation scope | - | - | (2.0) | (2.6) |
| Variation in loans granted | (0.6) | (0.8) | 1.8 | 2.4 |
| Variation in subsidies for capital expenditures | - | - | - | - |
| Variation in other financial assets | (1.5) | (2.1) | - | - |
| **Net cash used in investing activities** | **(99.0)** | **(138.3)** | **(169.5)** | **(222.4)** |
| **FINANCING** | | | | |
| Repayment of long-term debts | (38.3) | (53.5) | (24.3) | (31.9) |
| Total issuance of long-term debts | - | - | 0.2 | 0.3 |
| Reimbursement on leasing | (37.5) | (52.4) | (7.3) | (9.6) |
| Change in short-term loans | 0.4 | 0.6 | 1.2 | 1.6 |
| Financial interest paid | (3.6) | (5.0) | (11.3) | (14.8) |
| *Net proceeds from capital increase* | | | | |
| - from shareholders | 1.0 | 1.4 | - | - |
| - from minority interest of integrated companies | - | - | - | - |
| Buying & sales of own shares | 5.1 | 7.1 | (0.3) | (0.4) |
| Dividend paid to minority interest | - | - | - | - |
| **Net cash used in financial activities** | **(72.9)** | **(101.9)** | **(41.8)** | **(54.8)** |
| Effects of exchange rate changes on cash | 23.3 | (10.0) | 19.1 | (8.1) |
| **Net increase (decrease) in cash and cash equivalents** | **(40.6)** | **(99.2)** | **(98.8)** | **(163.0)** |
| **Cash and cash equivalents at beginning of year** | **480.3** | **691.9** | **516.9** | **719.4** |
| **Cash and cash equivalents at end of period** | **439.7** | **592.7** | **418.1** | **556.4** |

(1) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.398 per € (except cash and cash equivalent balances converted at the closing rate of U.S.$ 1.348 per € at March 31, 2010 and U.S.$ 1.441 at December 31, 2009).

(2) Dollar amounts represent euro amounts converted at the average exchange rate for the period of US$1.313 per € (except cash and cash equivalent balances converted at the closing rate of U.S.$ 1.331 per € at March 31, 2009 and U.S.$ 1.392 at December 31, 2008).

COMPAGNIE GÉNÉRALE DE GÉOPHYSIQUE-VERITAS, S.A.
OPERATING INCOME BY OPERATING SEGMENT

| (Unaudited) | Three months ended March 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | | | | 2009 | | | |
| (in million of euros) | Services | Equipment | Eliminations and Adjustments | Consolidated Total | Services[a] | Equipment | Eliminations and Adjustments[a] | Consolidated Total |
| Revenues from unaffiliated customers | 365.5 | 132.5 | - | 498.0 | 524.3 | 124.2 | - | 648.5 |
| Inter-segment revenues | 0.2 | 26.4 | (26.6) | - | 0.4 | 29.6 | (30.0) | - |
| **Operating revenues** | **365.7** | **158.9** | **(26.6)** | **498.0** | **524.7** | **153.8** | **(30.0)** | **648.5** |
| Other income from ordinary activities | - | 0.8 | - | 0.8 | - | 0.8 | - | 0.8 |
| **Total income from ordinary activities** | **365.7** | **159.7** | **(26.6)** | **498.8** | **524.7** | **154.6** | **(30.0)** | **649.3** |
| **Operating income (loss)** | **10.1** | **35.5** | **(19.3)** | **26.3** | **80.7** | **41.2** | **(21.6)** | **100.3** |
| Equity in income (loss) of investees | 0.2 | - | - | 0.2 | 0.4 | - | - | 0.4 |
| Capital expenditures | 98.8 | 2.7 | - | 101.5 | 128.1 | 5.1 | 0.2 | 133.4 |
| Depreciation and amortization | 87.0 | 8.3 | 0.3 | 95.6 | 100.8 | 6.8 | 0.3 | 107.9 |
| Investments in companies under equity method | - | - | - | - | - | 4.0 | - | 4.0 |

| | Three months ended March 31, | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2010 | | | | 2009 | | | |
| (in millions of U.S.$) | Services | Equipment | Eliminations and Adjustments | Consolidated Total | Services[a] | Equipment | Eliminations and Adjustments[a] | Consolidated Total |
| Revenues from unaffiliated customers | 511.1 | 185.0 | - | 696.1 | 688.2 | 160.7 | 2.3 | 851.2 |
| Inter-segment revenues | 0.2 | 36.9 | (37.1) | - | 0.5 | 40.4 | (40.9) | - |
| **Operating revenues** | **511.3** | **221.9** | **(37.1)** | **696.1** | **688.7** | **201.1** | **(38.6)** | **851.2** |
| Other income from ordinary activities | - | 1.2 | - | 1.2 | - | 1.0 | - | 1.0 |
| **Total income from ordinary activities** | **511.3** | **223.1** | **(37.1)** | **697.3** | **688.7** | **202.1** | **(38.6)** | **852.2** |
| **Operating income (loss)** | **14.1** | **49.6** | **(26.9)** | **36.8** | **106.0** | **54.3** | **(28.8)** | **131.5** |

(a) The segment information related to our Services segment for the three months ended March 31, 2009 was restated to reflect the change in our internal financial reporting occurred in 2010: (i) Operating income for our Services segment is presented after elimination of amortization expense corresponding to past inter-company capital expenditure between our Equipment segment and Services segment; (ii) Capital expenditures for our Services segment are presented after elimination of inter-segment margin. These eliminations were previously presented in *Eliminations and Adjustments*.